

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/001/039
(Mineral Mined) Copper

"MINE LOCATION":
(Name of Mine) OK Mine
(Description) 7 miles northwest of Milford, Utah

"DISTURBED AREA":
(Disturbed Acres) *Phase 1 - 127.6 Acres
(Legal Description) Phase 2 - 58.2 Acres 275.1 Total
Phase 3 - 89.3 Acres
(refer to Attachment "A")

"OPERATOR":
(Company or Name) Centurion Mines Corporation
(Address) 331 South Rio Grande Street, Suite 201
Salt Lake City, Utah 84101
(Phone) (801) 534-1120

* Bonded Acreage

"OPERATOR'S REGISTERED AGENT":

(Name)

Rick Havenstrite

(Address)

2113 N. Cottontail

Cedar City, Utah 84720

(Phone)

(801) 867-0557

"OPERATOR'S OFFICER(S)":

Spensst Hansen - President

Rick Havenstrite - V.P. Operations

"SURETY":

(Form of Surety - Attachment B)

Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

First Security Bank of Utah

"SURETY AMOUNT":

(Escalated Dollars)

\$550,000

"ESCALATION YEAR":

2002

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Centurion Mines Corporation the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/001/039 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated 8/20/96, and the original Reclamation Plan dated 8/20/96. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance

with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the

parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Centurion Mines Corporation
Operator Name

By: Spent Hansen - President
Authorized Officer (Typed or Printed)


Authorized Officer's Signature

April 8, 1997
Date

SO AGREED this _____ day of _____, 19____

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY _____
Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
James W. Carter, Director

_____ Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 19____, personally
appeared before me _____, who being
duly sworn did say that he/she, the said _____
is the Director of the Division of Oil, Gas and Mining, Department of Natural
Resources, State of Utah, and he/she duly acknowledged to me that he/she
executed the foregoing document by authority of law on behalf of the State of
Utah.

Notary Public
Residing at: _____

My Commission Expires:

OPERATOR:

Centurion Mines Corporation
Operator Name

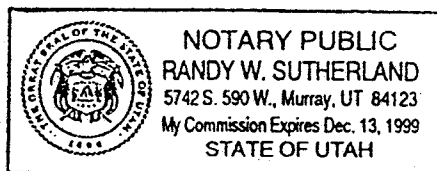
By Spenst Hansen - President
Corporate Officer - Position

April 8, 1997
Date

Spenst Hansen
Signature

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the 8th day of April, 19 97, personally
appeared before me Spenst Hansen who being by
me duly sworn did say that he/~~she~~, the said Spenst Hansen
is the President of Centurion Mines Corporation
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Spenst Hansen duly acknowledged to me that said
company executed the same.



Randy W. Sutherland
Notary Public

Residing at: Murray - Utah

December 13, 1999
My Commission Expires:

ATTACHMENT "A"

Centurion Mines Corporation

Operator

OK Mine

Mine Name

M/001/039

Permit Number

Beaver

County, Utah

The legal description of lands to be disturbed is:

Sections 5, 6 and 7, T27S, R11W, of the Salt Lake Baseline and Meridian.

The project is 7 miles northwest of Milford, Utah.



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

April 8, 1997

First Security Bank of Utah
405 South Main
Salt Lake City, Utah 84111

Attention: Allison Knudsen

Re: Certificate of Deposit for OK Mine, Centurion Mines Corporation, M/001/039, Beaver County, Utah

This is in regards to regulatory requirements of the mining statute and rules of the State of Utah, Division of Oil, Gas and Mining, governing the operations and reclamation of the OK Mine, Permit Number M/001/039, operated by Centurion Mines Corporation.

A Certificate of Deposit will be issued by First Security Bank of Utah for \$550,000 and be automatically renewable upon expiration. The Certificate should be made out in the name of the State of Utah, Division of Oil, Gas and Mining. The interest earned by the Certificate of Deposit for the first three months will be added back on to the Certificate of Deposit. After that, the interest earned will be dispersed quarterly and deposited into Centurion Mines Corporation's account. If the Certificate is redeemed before the maturity date and the penalty reduces the face value of \$550,000, the State of Utah, Division of Oil, Gas and Mining will go to Centurion Mines Corporation for reimbursement of that loss. If redeemed after the maturity date, then \$550,000 will go to the State of Utah, Division of Oil, Gas and Mining and the remaining balance will go to Centurion Mines Corporation's account. The Certificate of Deposit can only be redeemed by the State of Utah, Division of Oil, Gas and Mining.

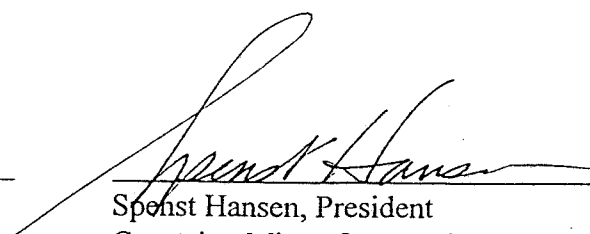
If the statute or rules of the State of Utah, Division of Oil, Gas and Mining are violated with respect to the operation or reclamation of the OK Mine covered by this surety, the State of Utah, Division of Oil, Gas and Mining has the authority to call the Certificate on demand, for the full amount of \$550,000. Any loss due to an early redemption penalty will be the responsibility of Centurion Mines Corporation and will not be the expense or responsibility of the State of Utah.

The Division Director's signature, James W. Carter (or the appropriate Division Director at that time), will be required to call the Certificate or release said funds back to Centurion Mines Corporation.

First Security Bank of Utah will not be held liable for any dispute between the parties. These rules pertain to the Certificate of Deposit Number: _____.

Agreed upon by:

James W. Carter, Director
Division of Oil, Gas and Mining



Spenst Hansen, President
Centurion Mines Corporation

Tax I.D. Number: _____

Tax I.D. Number: _____



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
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801-538-7223 (TDD)

April 22, 1997

TO: Board of Oil, Gas and Mining

THRU: Mary Ann Wright, Associate Director *MAW*

THRU: D. Wayne Hedberg, Permit Supervisor *DWH*

FROM: Tom Munson, Senior Reclamation Specialist *T. Munson*

RE: Updated Information, Centurion Mines Corporation, OK Mine, M/001/039, Beaver County, Utah

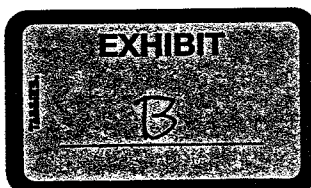
It has come to our attention that the legal description as found in the Reclamation Contract and the executive summary are not the same. We contacted Centurion Mines Corporation in order to clarify this discrepancy and obtain the corrected legal description. We asked Centurion Mines to address the legal description for each phase of their mining operation.

Enclosed you will find: 1) an updated executive summary; 2) updated page 8 of the Reclamation Contract which shows the legal description for each phase of the project; and 3) a map showing the three phases of their operation.

As stated in our previous memo, Centurion Mines only wishes to post reclamation surety for Phase I of their project at this time, although the Division has approved of the mining and reclamation permit for the entire project. At such time as Phase II and Phase III are initiated, Centurion Mines will again have to come before the Board to seek approval of the form and amount of additional surety.

jb

Enclosure: Updated Executive Summary, page 8 of the MR-RC, Map
o:\board\M001039.mem



EXECUTIVE SUMMARY

Prepared January 8, 1997
Updated April 22, 1997

Mine Name: OK Mine
Operator: Centurion Mines Corporation
331 South Rio Grande Street - Suite 201
Salt Lake City, Utah 84110
Telephone: (801) 534-1120
Contact Person: Rick Havenstrite

I.D. No.: M/001/039
County: Beaver
New/Existing: New
Mineral Ownership: Fee
Surface Ownership: Fee
Lease No.(s): N/A
Permit Term: Life of Mine

Life of Mine: 10 years +

Legal Description: Phase I: NE1/4 and SE1/4 of the NW1/4; the NW1/4 and SW1/4 of the NE1/4 of Section 7; the SE1/4 and the NE1/4 of the SW1/4; the NW1/4 and the SW1/4 of the SE1/4 of Section 6, T27S, R11W, SLB&M, Beaver County, Utah

Phase II: NW1/4 and SW1/4 of the SE1/4 of Section 6; the NW1/4 of the NE1/4 of Section 7, T27S, R11W, SLB&M, Beaver County, Utah

Phase III: NE1/4 and SE1/4 of the SE1/4 of Section 6; the NW1/4 and SW1/4 of the SW1/4; the SE1/4 of the SW1/4 of Section 5; the NW1/4 of the NW1/4 of Section 8; the NW1/4 and NE1/4 of the NE1/4 of Section 7, T27S, R11W, SLB&M, Beaver County, Utah

Mineral(s) to be Mined: Copper produced from the following oxide copper minerals - azurite, malachite and tenorite

Acres to be Disturbed: 275 acres for Phases I, II & III, (Phase I = 128 acres)

Present Land Use: Hunting, grazing, rock collecting, off-road vehicles

Postmining Land Use: Grazing and recreation

Variances from Reclamation Standards (Rule R647) Granted: R647-4-111-7-highwalls; 111.9 - dams and impoundments; 111-12-topsoil redistribution (pit walls); and 111-13- Revegetation (pit walls).

(1) pit highwalls will be allowed to remain at angles steeper than 45 degrees. Backfilling or otherwise flattening the pit walls at the end of mining would have the effect of making the remaining ore uneconomic for future mining. The current pit walls are stable at approximately 60 degrees and have been for 25 years.

2) dams & impoundments: A small impoundment of less than several hundred square feet will be left based on the following facts. It will have a reduced drainage area following reclamation. The embankment will be stabilized with coarse rock to prevent failure. It will also provide some riparian habitat and limited water for wildlife following reclamation. It is not considered large enough to constitute a hazard and will remain an overall benefit to an arid environment.

3) topsoil redistribution and revegetation: It is not practical to regrade or revegetate pit walls. The pit walls will be left at approximately 55 degrees. The walls will be solid rock. Based on the condition of the current pit, it is highly unlikely that vegetation can be established on these walls.

Soils and Geology

Soil Description: Soils are all derived from decomposed granite with varied amounts of silt, sand and rocks. Soil depths in the mine and dump areas are typically less than 5 feet and are underlain by bedrock. In the area of the pad, soils contain a higher degree of silt and sand and the depth to bedrock is 5 to 20 feet typically.

pH: 8.1 - 8.3

Special Handling Problems: None

Geology Description: The project is located in low foothills and the top of a gently southernly sloping alluvial fan. The entire area is underlain by a massive igneous (granite) intrusion. A nearly vertical fault zone cut the granitic formation and this fault was later mineralized with copper minerals such as azurite, malachite, and tenorite. The relatively homogenous granitic rock formation extends at least 3 miles in every direction.

Hydrology

Ground Water Description: There have been hundreds of holes drilled in the vicinity of the project. The holes drilled in the vicinity of the pit, 400 feet below the bottom of the pit, were dry. Other holes drilled within the vicinity of the project encountered minor amounts of brackish water. Only several holes encountered any significant water and these holes were located next to one of the two main drainages coming from the hills above the project. Hole MD-1 was drilled in the vicinity of the pad to a depth of 705 feet and encountered negligible water. Hole MW-1, southwest side of the pad, encountered good water and is down gradient of the pad and is to remain a monitoring well.

Surface Water Description: There are no streams or springs within 5 miles of the operation. A major wash exists to the west of the project which collects surface runoff from a large area to the west and north of the project. This wash is ephemeral and will not be disturbed. It and only experiences flows during extremely intense storms.

Water Monitoring Plan: Groundwater will be monitored for 8 consecutive months prior to the commencement of operation and semi-annually thereafter. Two current groundwater monitoring wells have been located immediately down gradient (south) of the proposed heap leach pad and processing ponds area.

Ecology

Vegetation Type(s); Dominant Species: Big sagebrush, rabbitbrush, squirreltail grass, indian ricegrass

Percent Surrounding Vegetative Cover: 21%

Wildlife Concerns: Only concern are the antelope. Centurion intends to construct a six foot high chain link fence around the heap leach pad and processing plant area. In addition, a water trough will be placed and maintained outside the fenced area.

Surface Facilities: Heap leach pad, SX/EW (solvent extraction/electrowinning) process plant, office building, mine shop.

Mining and Reclamation Plan Summary:

During Operations: The mining operation will consist of three phases as follows: *Phase I* - construction of a fully lined (57 acre) heap leach pad, a (2 acre) solvent extraction/electro-winning(SX/EW) processing plant, and the re-mining and leaching of 2 million tons of (previously mined) stockpiled copper ore surrounding the old O.K. Pit. The SX/EW process produces a copper sulfate electrolyte which is pumped into electro-winning cells where 99.998% pure copper is electroplated onto stainless steel sheets. The copper ore is leached with a dilute sulfuric acid solution. *Phase II* - strip mining new ore by widening and deepening the existing O.K. pit. Overburden to ore stripping ratio is approximately 1:1. Run of mine ore will be stacked on the heap and leached. *Phase III* - development of the new eastern extension of the ore zone (Mary I pit). This pit will merge into the eastern side of the O.K. pit. All environmental permits will be in place prior to initiation of operations. Reclamation bonding of this operation will occur in phases. Approval of each phase will remain contingent on adequate permitting and bonding for each phase. All process water will be contained in a fully engineered facility and all environmental controls will be in place prior to initiating leaching operations. Approximately 10 million tons of ore and 10 million tons of waste material will be produced. Variances were granted to topsoiling and reseeded requirements for inaccessible and unsafe pit benches and highwalls. Variances were granted to allow pit highwalls to remain at angles steeper than 45 degrees, and to allow the pits to impound water following mining.

After Operations: The heap will be rinsed with fresh water rinsate to comply with final effluent standards set by the State Division of Water Quality. Solution in ponds will be allowed to evaporate. Remaining sludge will be tested for metals and subjected to meteoric mobility analyses. All remaining hazardous material from these ponds will be disposed of at an appropriately licensed facility. Pond liners will be folded or dozed into the pond bottoms and covered with 5-10 feet of fill. All dump slopes and heap leach pad slopes will be graded to 3H:1V, and covered with one foot of topsoil and re-vegetated. Monitoring wells will be plugged according to state requirements. A water well will remain to provide a long-term source of water for local wildlife. The processing facilities will be demolished and removed or buried onsite. Exposed concrete foundations will be broken up and buried. The process facilities area will be graded to blend with the adjacent topography and re-vegetated. All non-hazardous or non-toxic materials will be buried. Any remaining hazardous or toxic materials will be disposed of according to federal and state regulations. Approximately one foot of topsoil will be replaced on all disturbed, non-pit areas that originally had topsoil. These areas will be roughened, terraced and reseeded with the approved seedmix to allow postmining use by livestock and wildlife.

Surety

Amount: \$550,000
Form: Certificate of Deposit - First Security Bank of Utah
Renewable Term: 5 years (2002)

ATTACHMENT "A"

Centurion Mines Corporation
Operator

OK Mine
Mine Name

M/001/039
Permit Number

Beaver County, Utah

The legal description of lands to be disturbed is:

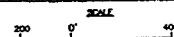
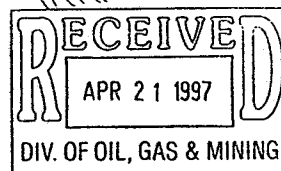
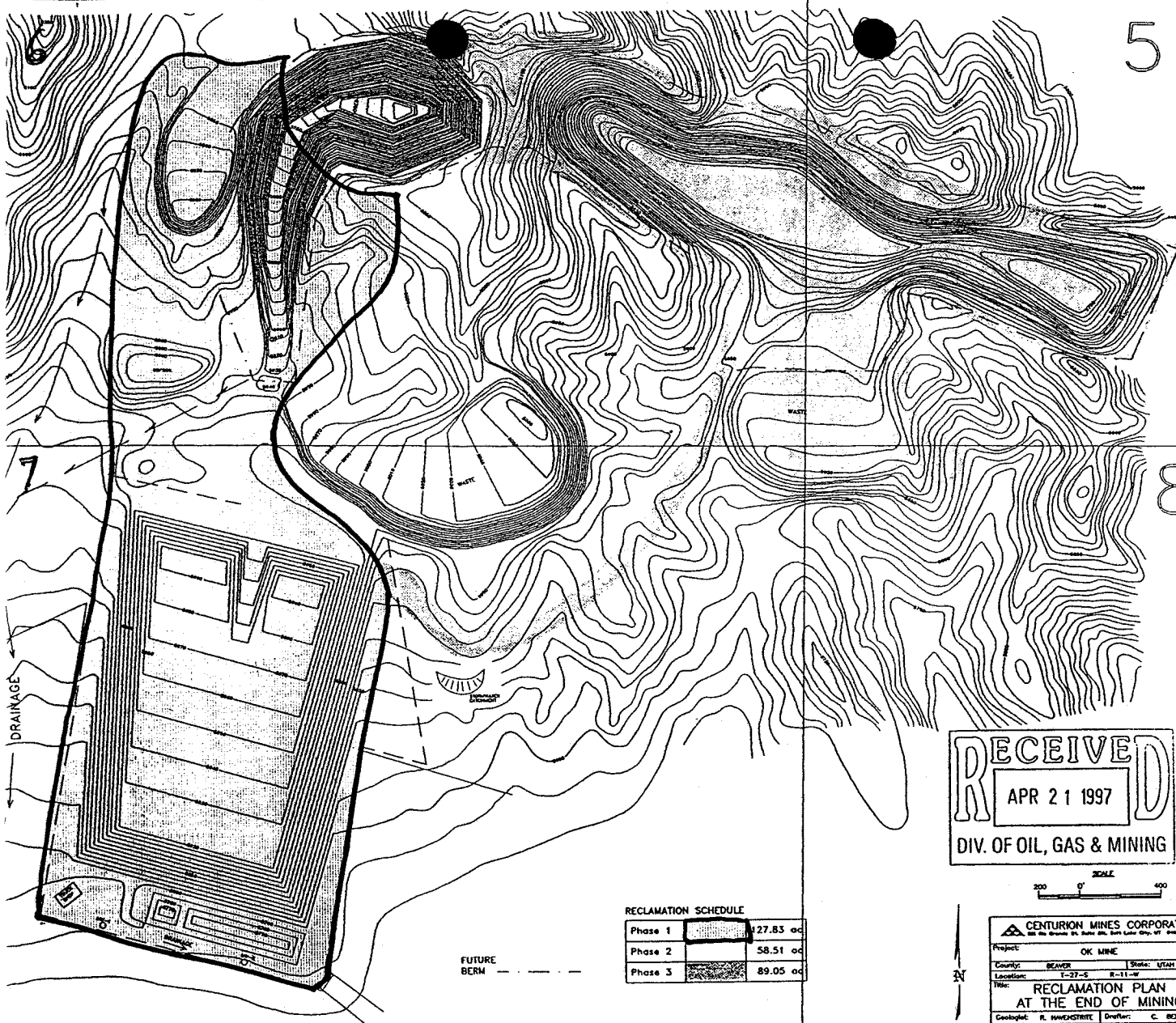
Phase I: NE1/4 and SE1/4 of the NW1/4; the NW1/4 and SW1/4 of the NE1/4 of Section 7; the SE1/4 and the NE1/4 of the SW1/4; the NW1/4 and the SW1/4 of the SE1/4 of Section 6, T27S, R11W, SLB&M, Beaver County, Utah

Phase II: NW1/4 and SW1/4 of the SE1/4 of Section 6; the NW1/4 of the NE1/4 of Section 7, T27S, R11W, SLB&M, Beaver County, Utah

Phase III: NE1/4 and SE1/4 of the SE1/4 of Section 6; the NW1/4 and SW1/4 of the SW1/4; the SE1/4 of the SW1/4 of Section 5; the NW1/4 of the NW1/4 of Section 8; the NW1/4 and NE1/4 of the NE1/4 of Section 7, T27S, R11W, SLB&M, Beaver County, Utah

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RECLAMATION SCHEDULE

Phase 1	27.83 ac
Phase 2	58.51 ac
Phase 3	89.05 ac

FUTURE
BERM

CENTURION MINES CORPORATION	
Project:	OK MINE
County:	BEAVER
Location:	1-27-S 8-11-W
State: UTAH	
Title: RECLAMATION PLAN AT THE END OF MINING	
Geologist: R. HANSEN	Draftsman: C. BOWEN
Date: 05-20-1996 7:43p	Map No.: Smead123